MAXIMUM MORTGAGE CALCULATION
LIMITED 203(k) PROGRAM
REFINANCE TRANSACTION
Properties Acquired ≥ 12 Months Prior to Case # Assignment Date <u>or</u>
Properties Acquired < 12 Months through Inheritance or Gift from Family Member

Step 1:	Establishing Financeable Repairs and Improvement Costs , Fees and Reserves		
A.	Financeable Repair and Improvement Costs and Fees Total *(sum of A1 thru A4)*		$_____
	1. Costs of construction, repairs and rehabilitation	$_____	
	2. Inspection Fees (work Performed during Rehabilitation)	$_____	
	3. Title Update Fees	$_____	
	4. Permit Fees	$_____	
B.	Financeable Contingency Reserves		$_____
C.	Financeable Mortgage Fees *(sum of C1 and C2)*		$_____
	1. Origination Fee (Greater of $350 or 1.5% of (sum of 1A+1B)	$_____	
	2. Discount Points on 1A	$_____	
D.	Total Rehabilitation Costs, Fees and Reserves (Sum of 1A , 1B & 1C) **"Step 1 Total" (*Not to exceed $35,000*)**		$_____

Step 2:	Establishing Value		
A.	Existing Debt on property being refinanced (sum of A1 thru A7)	_	$_____
	1. Unpaid principal balance (1st lien)	$_____	
	2. Unpaid principal balance (junior liens)	$_____	
	3. Interest due on existing mortgage(s)	$_____	
	4. MIP due on existing mortgage(s)	$_____	
	5. Prepayment penalties, if applicable	$_____	
	6. Late charges	$_____	
	7. Escrow shortages	$_____	
B.	Step 1 Total (1D)		$_____
C.	Sum of 2A and 2B		S_____
D.	As-Is Property Value (When an as-is appraisal is performed*) *(*Required if 2C is greater than 2F)*		$_____
Adjusted As-Is Value			
E.	2D (*If 2C > 2F*) Else, 2A or 2D		$_____
After Improved Value			
F.	Appraised Value (subject to Repairs and Improvement)		$

Mortgagees must consult HUD Handbook 4000.1 for detailed guidance on 203(k) loan transactions.

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Step 3:	Calculating Maximum Mortgage Amount		
A.	Step 2A + 1D(*i.e. Existing Debt + Step 1 Total*) $_____		
B.	Estimated Closing Costs and Prepaid Expenses Assoc. with new loan $_____		
C.	Sum of 3A & 3B		$_____
D.	2E + 1D (*i.e. Adjusted As-Is Value + Step 1 Total*) $_____		
E.	2F [i.e. *After Improved Value*] x 110% (100% for Condominiums) $_____		
F.	Lesser of 3D or 3E ($_____) x 3I ____% (i.e. Appropriate LTV Factor)		$_____
G.	Nationwide Mortgage Limit		$_____
H.	**Base Mortgage Amount (Lesser of 3C, 3F or 3G)**		**$_____**

I.	Determining Loan-To-Value Factor for Maximum Mortgage Eligibility		_____%
	Basis	**Criteria**	**Maximum LTV Factor**	
	MDCS	At or above 580	□ 97.75%	
	MDCS	Between 500 and 579	□ 90%	
	Identity of Interest	Not meeting published Exception	□ 85%	
	Secondary Residences	With HOC Approval	□ 85%	

Step 4	Calculating the LTV for Application of MIP		
A.	**MIP LTV** = 3H divided by 2F (i.e. Base Mortgage Amount divided by After Improved Value)		_____%

Step 5:	Establishing the Rehabilitation Escrow Account		
A	Repair and Improvement Costs, Fees & Reserves (Step 1 Total)		$_____
B	Initial Draw at Closing Total (*sum of B1 thru B4*)		$_____
	1. Permit Fees $_____		
	2. Origination Fees (Step 1: C1) $_____		
	3. Discount Points (Step 1:C2) $_____		
	4. Up to 50% of materials costs for items ordered but not yet paid for (under contract for delivery) $_____		
C.	**Rehabilitation Escrow Amount Balance (Future Draws) = 5A minus 5B**		**$**

Notes:
MDCS = Minimum Decision Credit Score

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